

have the most and give them the largest share of the tax cuts. We have to try to fix some of those things.

With respect to where we are today, the shutdown ought to end. The reconciliation bill is passed. The President is going to veto it. Negotiations, in my judgment, ought to begin immediately to try to find a solution to the impasse and a solution to the reconciliation bill. The question ought not be whether we have a reconciliation bill. The question is not whether we address the budget deficit and lead to a balanced budget. The question is, how do we do that? Not whether, but how?

There is no good reason, in my judgment, to have a continued government shutdown. There is no juice left in that lemon for anybody—not for any political party, and not for any political leader. This shutdown does not make any sense.

I probably contribute to some of the concerns about the language that has been used during the shutdown. I read on the floor statements by the Speaker of the House, who in April said, "We are going to create a titanic standoff and shut down the Government." Those are the facts. However, I am not saying that only one party is at fault here. The fact is that there is lots of room for blame. There has been lots of language uttered in these past few days that has caused a lot of chaos in the political system. But we find ourselves in a circumstance where we have people who say it is either our way or it is no way. If you do not do it our way, we will shut the Government down. The fact is Government works by consent. This is a democracy. For 200 years we have had impasses over wars, over depressions, over dozens and dozens of vexing, troublesome issues. The way those impasses have been solved is that people with good will, with common sense, have come together and said, "Let us reason. Let us find a way to meet the goal, to work out this problem together."

I want to mention a couple of things that were in the reconciliation bill which causes a lot of problems.

Medicare—do we need to reduce the rate of growth in Medicare and Medicaid? Yes, we do. Not just in Medicare and Medicaid but in the price of health care generally for families, for businesses, for governments. The price of health care, the escalation of health care costs year after year somehow has to be addressed. But no one can any longer believe that what is in this reconciliation bill will address the price escalation in Medicare by saying to senior citizens you will have the same quality health care and you will not pay more for it. Everyone understands this approach means senior citizens will get less and pay more.

The tax cut—many of us feel very strongly that the facts show every dollar of this tax cut will be borrowed. I would love to have somebody come and explain why that is not true. Regrettably, it is true. Every dollar of the

proposed \$245 billion tax cut will be borrowed and will add to the national debt, which adds to the burden of those children we have been talking about.

On the car radio on the way in this morning, I heard a woman who had called the radio to talk about the shutdown. She said both of her parents, regrettably, have to go to a nursing home, one because of Alzheimer's and one who had a stroke. They have been there 5 years and started out with an asset base of \$400,000 to \$600,000. Now much of that is gone. She called and said, "My worry is for when their assets are gone—and I believe that their assets should be used to pay for their care—my parents will not have an entitlement to Medicaid." When their assets are gone, under this new proposal, they will not have guaranteed coverage under Medicaid. That will be up to the States. Maybe the States will decide that nursing home care is an entitlement for her parents. Maybe not. She was worried about that.

That is a significant change. That was in this budget reconciliation bill. I mentioned last evening the differences in spending priorities that have been talked about and for which the CR was fought over this weekend—cuts of 40 percent out of a little program called Star Schools; only \$25 million is spent on Star Schools and that will be cut by 40 percent. The bill the Senate passed the other day, which I voted against, doubles the amount of money spent on star wars despite the fact that is was not requested by the Pentagon.

I think these priorities are wrong. I do not say that in a pejorative way. I say that in my judgment we can do a lot better for this country than those priorities.

I mentioned yesterday that in this thick reconciliation plan, there are two little things buried—among dozens and dozens—that I bet nobody in the Chamber knew about. One is a provision to repeal the alternative minimum tax provisions we put in place in 1986. That little thing that nobody knows about means that 2,000 corporations will receive \$7 million each in tax cuts.

Let me say that again: 2,000 corporations will receive a tax cut of \$7 million each.

Another little provision is labeled 956(A). I bet no one in the Chamber knows what it is. Well, it deals with the repeal of the circumstance of deferral with respect to income that is deferred for tax purposes by foreign subsidiaries of American corporations. They have the money over there. Now, we have certain passive rules that say you have to repatriate the money you pay taxes on. This little nugget in here says we are going to spend hundreds of millions of dollars to tell those companies that have moved jobs overseas, moved jobs out of this country: By the way, we are going to reward you even more for it.

Those things do not make any sense. We ought not vote for a bill that includes things like that.

I bet there is no one in the Senate who knew that provision was in that plan. I am talking about a couple little provisions—there are dozens and dozens and dozens of those little nuggets—that say to big interests, special interests: Guess what? It is time to smile. We are offering up to you an enormous reward at a time when we say to kids, we do not have room for you in the Head Start Program; at a time when we say to kids benefiting from the Star Schools Program that we are sorry, you are going to have to cut back.

My point is that this debate is about priorities and choices. All of us, it seems to me, in the coming days can do better. And I stand here as one who says let us balance the budget. Let us do it the right way. Let us all engage in debate about choices and agree. Seven years is just fine with me. In fact, we could do it within 5 if the Federal Reserve Board will take the boot off the neck of Americans and allow us a little economic growth. But let us discuss it together—the Senator from Rhode Island is absolutely right—use some common sense and do the right thing for this country.

Mr. President, I thank you for your indulgence. I yield the floor.

#### BUDGET PRIORITIES

Mr. KERRY. Mr. President, I would like to pick up, if I may, where the Senator from North Dakota leaves off.

He talked about the dozens and dozens of nuggets that are in this bill. I know my colleague from Massachusetts is going to talk about some of those specific items. I would like to speak for a moment, if I may, about the word that the Senator from North Dakota kept using about priorities.

I wish to emphasize, as I think every Democrat wants to emphasize, this debate is not about whether to balance the budget. We keep hearing Republican friends come to the floor, and they keep saying we have to do this because this is the only way to balance the budget. If we do not do this, the Democrats will not balance the budget. They do not want to balance the budget.

Mr. President, this is not the only way to balance the budget. That is what this fight is about. And, indeed, the majority of Democrats have voted to balance the budget, balance it in 7 years—balance the budget. We voted for a 9-year balancing of the budget. The balancing of the budget is not what is at issue before America today. What is at issue is what choices will we make as we balance it.

Now, it is uncontested—every analysis of our economy shows—that those Americans we keep talking about, the Americans who work every day the hardest, the people who go and punch in a clock or the people who are the nitty-gritty of the production of goods in this country, are working harder, and they are making less money for their effort. They have less ability to

purchase, less ability to buy the new car, less ability to send their kid to get a decent education. Those are the people we ought to be fighting for. That is the majority of Americans. But the majority of Americans do not make out in this bill that was passed as well as people at the upper end of our scale.

That is just not fair. I am at the upper end of the scale. Most of us in the Senate are at the upper end of the scale. The minute you get a U.S. Senator's salary, unsupplemented by anything else, you are up to the top tiny digits of wage earners in America. The truth is that we do better in this bill than the average American, and that is disgraceful. That is not what we were sent here to do. We ought to be able to go home and look people in the eye and say, "You are going to do as well or better." We cannot do that.

I know all the arguments are made, well, this is going to help people in the long term because it is going to reduce their income taxes, ultimately it is going to lower the interest rates.

I agree that it can do all that. Balancing the budget can do all that. But I do not know any American—nobody in Massachusetts has come up to me and said, "Senator, I want to live next to a Superfund site. I want to live next to a toxic waste site." But for some reason, in this budget the money to clean up those sites is reduced.

I do not know anybody who has come to me in any community in Massachusetts and said, "I don't think that people who have a drug addiction shouldn't get treatment." In fact, for all the rhetoric in the Senate about crime, 70 percent of the people in jail today are there on a drug-related offense or they are on drugs. If you want to deal with drugs in America, you are going to have to have drug treatment. And yet this budget cuts drug treatment.

This budget cuts safe schools and drug-free schools money. I do not understand that. I do not understand how you make those cuts and turn around and give somebody with a \$5 million asset base over \$1 million worth of tax break.

I used the word "moral" earlier. I do not want to offend anybody. It is not only my word. I have heard people like Pete Peterson, whom I respect enormously, former Commerce Secretary, Paul Tsongas, Warren Rudman of the Concord Coalition, they use that word, because if you have a \$245 billion tax break, which you have, you are effectively borrowing \$300 billion of money from future taxpayers and shifting it to current taxpayers.

That is the very thing that supposedly this budget is geared to address. The whole purpose of balancing the budget today is to stop borrowing, and yet we are going to borrow in order to give this tax break to the people who least need it.

This is a question of priorities. How do you explain to people in a nursing home, who are senior, that they are

now going to have to become destitute and live under a whole new set of standards because in order to allow the nursing homes to meet the expectations of being able to reduce the cost, we are not going to do it in a sort of sensible, humane way; we are going to do it by changing the standards in nursing homes so that the people who own the nursing homes do not have to live up to the same standard of the provision of care so they can reduce the cost.

This is about priorities. It is about what do we care about.

One of the most egregious things that happens in America, has happened in the last 13 years, is that those people at the bottom end of the income scale, the bottom 20 percent saw their income go down over the last 13 years 17 percent. The next 20 percent of Americans saw their income go down 4 percent. The middle two percentiles of Americans stayed about the same. And the top quintile of Americans went up 105 percent in income.

In a country that is increasingly competing against a world marketplace where information is power, where skill comes through your education level, where the kind of job you can have and the kind of income you can earn comes through your access to education, to be making it harder for Americans to get that education is simply inexplicable.

But that is what this bill does. It is going to make about 1,200 of our educational institutions drop out of direct lending. About 1.8 million students are going to be dropped off of student loans. And many of us have been visited—the senior Senator from Massachusetts and I have been visited by our University of Massachusetts folks, who tell us that they are literally going to have kids drop out of school as a consequence of the increase in student loan costs because it is that marginal for them, their ability to be able to go to school in the first place.

So, Mr. President, I share the feeling of the Senator from Rhode Island. There is a middle ground here. I absolutely agree with him. We must reduce the rate of growth in entitlements. We cannot have it both ways. And we cannot talk out of both sides of our mouth. I voted for a bill that reduced Medicare and reduced Medicaid, but not three times what the trustees tell us we need.

I hope that my friend from Rhode Island and others on the Republican side would agree, look, there are 100 Senators here, you cannot come to the floor of the Senate and have 20 people decide, or 30 people, that it is just going to be their way. We have to have some compromise. We are prepared on our side, I know, to compromise on things that we do not necessarily agree with completely in the hopes that we will not wind up with such a lopsided, unfair, and, frankly, unwise approach to the problems of this country.

We need to raise the income of Americans. And we are going to have to train them and educate them to do that. I know there is nobody on the other side of the aisle more committed to doing that than the Senator from Rhode Island. I must say to my friend from Rhode Island, I would love to do it in 7 years. I am prepared to commit to 7 years, if we can find a reasonable agreement on what you base your numbers on. But if somebody comes to me and says, Senator, we could balance this budget in 8½ years or 8 years, we can balance it fairly, and we can also provide drug treatment to 50 percent more drug addicts and we can also send 2.5 million more kids to college, I will go for that. And I think a lot of people here would go for that.

I will tell you something. Most Americans would go for that. Americans want truth and common sense. They are tired of rigid intuition-ordained 7-year goals. They want this place to legislate on the basis of honesty and common sense. And my prayer is that in the next few hours we will get the Government of this country back to work and we will sit down like adults and come to an agreement about what the best interests of this Nation are.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

ORDER FOR RECESS UNTIL 4 P.M.

Mr. GORTON. Mr. President, I ask unanimous consent that following the conclusion of the remarks of the Senator from Rhode Island [Mr. CHAFEE], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Minnesota [Mr. GRAMS], the Senate stand in recess until 4 p.m., today.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I listened carefully to the remarks of the Senator from Massachusetts and appreciate the thoughtfulness of his approach to this situation. It seems to me that while each side has to exercise some common sense in all of this, I really do think that there is an underlying thrust that we must not forget, and that is, that we feel very strongly on this side of the aisle that we have to reach a zero deficit situation.

We believe in the year 2002. And it seems to me, as I have stated before, that is a reasonable goal. And I have heard the Democratic senior Senator from Georgia say that is a reasonable goal. And I think we all ought to agree that the year 2002 is something that is attainable and that it is fair, that we all concur in that.

Now, on the other side of the aisle they feel strongly that there should not be a tax cut at all, or if there is going to be a tax cut, it should be of a far lower nature than we have proposed on this side. To me, that is fair for

them to make that request. And I think we have to back off on this side on the size of the tax cut that we are seeking.

But I would hope this, Mr. President—I know there are going to be other speakers, and I know the senior Senator from Massachusetts has some charts prepared, and we are ready for all the evils, to hear about all the evils of the deficit reduction bill that we passed last evening. All right. We are used to that. But I would hope that whoever speaks on this floor will say how he or she is going to reach a zero deficit. It is all right to criticize what we have done. And I suppose you can come up with 35 items of how what we passed last evening was not correct. All right. That is fair game. But in return, I would hope that the critics come up with how they would do it, and in what year, and how and where the savings are going to come from.

Is it going to be a CPI adjustment, or is it going to be keeping the Medicare part B premium at 31.5 percent, or is it going to be a reduction in that, all of which costs money, if you change? How is that individual or those individuals proposing that we reach this zero deficit? I think that is a fair requirement for us to impose on the critics of the plan that we passed last evening.

I thank the Chair.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

#### BUDGET PRIORITIES

Mr. KENNEDY. I am very hopeful that we can reach a satisfactory compromise today on the legislation needed to end this indefensible shutdown of the Federal Government and move on to the real debate over what this controversy is all about.

We all agree on the need to balance the Federal budget. The fundamental issue is not whether or when to balance it, but how to balance it fairly.

President Clinton is right to take a strong stand against the Republican plan. That plan is based on the same old Republican trickle-down ideology of plums for the rich and crumbs for everyone else. The Republican plan is filled to overflowing with tax breaks for the wealthy and give-aways to powerful special interest groups. And to pay for all those give-aways, the Republican plan imposes heavy burdens on senior citizens, students, the needy, the environment, and working families struggling to make ends meet.

The American people did not vote for priorities like that in 1994, and they are not going to vote for priorities like that in 1996.

You cannot judge the Republican book by its title. They call it the Balanced Budget Act of 1995. That soothing title is a fraud. The Republican budget is a scorched-earth scheme that imposes unprecedented sacrifices on senior citizens, students, children, and working families in order to pay for

lavish tax breaks for the wealthiest individuals and corporations in America. It is a program to bash Medicare, slash education, and trash the environment, and it eminently deserves the veto it is about to get.

The Republican budget raids private pension funds, and slams the door of colleges and universities on the sons and daughters of working families. It dumps over a million more children into poverty in the misguided Republican version of welfare reform.

It even raises taxes—yes, raises taxes—on those who can least afford it—the lowest income working Americans.

I hope all those Florida Republicans who are voting in their straw poll today will ask why Senator DOLE and Senator GRAMM want to raise taxes on working Americans. How very Republican—tax breaks for the wealthiest families, and tax increases for working families.

And for the wealthiest families of all, the Republicans leave no stone unturned. All year, Democrats have tried to close the most notorious tax loophole of all—the billionaire's tax loophole. That loophole lets wealthy Americans renounce their American citizenship and evade their fair share of taxes on the massive wealth they have accumulated in America.

It is difficult to imagine a more obscene or less justified loophole. Every time we have challenged it in the Senate, the Senate has voted almost unanimously to close it tight—no ifs, ands, or buts.

But once again, behind closed doors, the Republicans have quietly saved it. The billionaire's tax loophole is alive and well in this Republican bill. Shame on the Republicans for catering to billionaires and clobbering senior citizens on Medicare.

The Republican attack on Medicare is unprincipled and unconscionable. Nothing in their budget better illustrates the harsh and extreme approach the Republicans are taking to the needs of the elderly. Every senior citizen in Florida voting in the straw poll today should vote for "None of the Above" if they care about Medicare.

Under the Republican budget, Medicare is cut \$270 billion over 7 years, three times the amount necessary to protect the Medicare trust fund, in order to finance \$245 billion in new tax breaks for wealthy Americans.

Medicare part B premiums are raised by \$52 billion over the next 7 years, compared to what they would be under current law. Premiums will rise from \$553 this year to \$1,068 by the year 2002. Every senior citizen will pay \$2,240 more than under current law. Elderly couples will pay \$4,480 more.

Senior citizens will be coerced into giving up their own doctor. They will be herded into HMO's or forced to join other private insurance plans. They will lose the current protection that prevents doctors from charging more than Medicare will pay—that change

alone means additional costs to elderly patients of \$5 billion a year.

The Medicare cuts are so deep that they will "jeopardize the ability of hospitals to deliver quality care, not just to those who rely on Medicare and Medicaid, but to all Americans," according to a statement by organizations representing 5,000 hospitals nationwide. Cuts in research and medical education will be devastating to the quality of health care in communities across the Nation.

Medicaid will bear a heavy burden too. It will be cut by \$160 billion over 7 years. By 2002, Medicaid will be cut by a full one-third.

And 4.4 million children will lose coverage; 1.4 million disabled will lose coverage; 920,000 seniors will lose coverage. Guarantees of coverage and services will be eliminated.

Nursing home standards will be weakened, despite a 98 to 1 Senate vote to maintain them. Families will be forced into poverty by high nursing home costs. States will be allowed to recover the cost of nursing care from adult children with incomes in excess of \$36,000 annually. States will be allowed to put liens on the homes of nursing home residents, even if spouses or children are living there, despite a vote by the Senate to eliminate these provisions.

In a shameful giveaway to the pharmaceutical industry, the bipartisan Medicaid drug rebate program is weakened, at a cost to taxpayers and patients of \$1 billion a year, despite a vote by the Senate to preserve this program.

Federal clinical lab standards to ensure the accuracy of medical tests are eliminated.

On education, the Republican budget cuts the Federal investment in education by one third over 7 years. We should be investing more in education, not less. How can every Republican possibly justify an assault like that on education.

Student loans are cut by \$4.9 billion, at a time when student financial need is greater than ever. College costs are rising faster than family income. Grants make up less than one quarter of Federal aid. Student debt is skyrocketing. The average student leaves college owing \$9,000. Many graduate and professional students owe over \$100,000 before they start their first job.

The Republican budget is a triumph of special interests over student interests. It is rigged to funnel over \$100 billion in new business to banks and money-lenders at the expense of colleges and students.

It is hard to find a more vivid or disgraceful example of the prostitution of Republican principles. When profits are at stake, Republicans are more than willing to roll over and sell out free-market competition, and replace it with the heavy hand of a government-guaranteed monopoly.

Under the Republican bill, beginning next year, only 102 colleges will be allowed to participate in direct lending.